



FACT SHEET

U.S.-Korea Free Trade Agreement **Alaska Farmers Will Benefit**

September 2008

The United States concluded free trade negotiations with Korea on April 1, 2007. The U.S.-Korea Free Trade Agreement (KORUS FTA) is the most commercially significant free trade agreement the United States has negotiated in nearly 20 years.

The KORUS FTA provides immediate elimination of duties on more than 60 percent of current U.S. exports and gives U.S. exporters improved access to the Korean market for many of the products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Alaska's agricultural products, including beef and dairy. Alaska's agricultural exports to all countries, estimated at \$3.7 million in 2007, supported jobs both on and off the farm. These export sales make an important contribution to the Alaska farm economy, which had total cash receipts of \$33 million in 2007.

Beef. Alaska's cattle and calf industry generated about \$1.9 million in farm cash receipts in 2007 and will benefit from this agreement.

- For beef muscle meats, the FTA provides a 15-year straight-line tariff phase out with a safeguard that begins growing from 270,000 tons, a quantity that is 17 percent larger than our largest historical shipments.
- Technical consultations continue toward the goal of allowing imports to take place consistent with World Organization for Animal Health (OIE) guidelines.
- Following the May 2007 decision by the OIE classifying the United States as a controlled-risk country, Korea has announced that it will undertake in a timely manner its regulatory process toward expansion of market access for beef and beef products.

Dairy. The dairy industry provides Alaska with its fifth largest source of farm cash receipts, about \$1.8 million in 2007. As such, Alaskan dairy producers will benefit from this agreement.

- The FTA will provide immediate duty-free access for double the current export volume of total dairy products. Duty-free quotas will be established for cheese, skim/whole milk powder, food whey, and butter.
- Current annual U.S. feed whey exports of \$8 million will gain duty-free access to the Korean market immediately upon implementation.

Vegetables. Alaskan potato growers earned about \$2.6 million in 2007 and will benefit from this agreement.

- Tariffs on frozen potato fries and chipping potatoes (during the U.S. potato shipping season) will become duty free immediately.
- A new 3,000-ton duty-free quota for fresh potatoes and a new 5,000-ton duty-free quota for dehydrated potatoes will bring opportunities for growers.

For questions about the U.S.-Korea Free Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs Office at (202)720-7115 or LPA@fas.usda.gov.

For detailed information on how the Agreement benefits specific commodities, please visit:

<http://www.fas.usda.gov/info/factsheets/Korea/us-koreaftafactsheets.asp>